

The Impact of Change Management in Enhancing the Effectiveness of Companies' Performance

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Abstract

The rate of competition in today's business is moving very fast due to changes in technology, services and products. This has made experts of change management emphasize on the importance of establishing readiness for change in organisations in addition to have crafted various strategies for creating a successful change management. Change management is crucial to any organisation today in order to survive in the present highly competitive business environment. Change management is a planned loom for the transition of organisations, groups and individuals from existing state to a required future state. Therefore, change managing is an important process as much as the change itself is important. This paper therefore is interested in change management and its effects on companies' performance. The researcher will analyse the previous research and literature in order to achieve the main aims of this work.

Keywords: change management, performance organization effectiveness, companies development

1. Introduction

In the last five decades, the rate of change which business face continues to increase more and more, nothing remains still in today's business environment. This increasing is a result of developments in information and communication technology, liberalisation of economic and increasing democratization of economics. In today's business "change" becomes inevitable; moreover it turns to be a regular feature of business life. Therefore, change cannot be wished away but to give it the necessary attention to ensure the continual increased business performance (Thomas, 2014).

Change management is the process of continually renewing a company's direction, capabilities and structure in order to serve the changing needs of internal and external customers (Moran, Brightman, 2001). Change is a present feature of organisational life, in both strategic and operational level. Thus, change is important to any organisation due its ability to identify where it needs to be in the future, in addition to manage the changes required to get there (Burnes, 2004).

Business environments are experiencing continuous change in today's world, more frequently than before. Great energy is putting by organisations around the world into the process of change, seeking to have a better position in the global economy (Friedman, 2005; Suresh, 2001).

However, Senior (2002) stated that due to the importance of organisational change, the management of change is becoming a highly required managerial skill. Graetz (2000) also suggested that against a backdrop of increasing deregulation, globalisation, the rapid pace of technological innovation, shifting social and demographic trends, and a growing knowledge workforce the primary task for management is the managing of organisational change.

However, this paper is interested in change management and the impact of change management in enhancing effectiveness of companies' performance. The researcher will review previous research and literature in the subject of the study in order to determine the role of change management in companies' performance and other related subjects.

2. Aims and objectives

This paper aims at:

- Study the change management role in organisational context.
- Highlight the main problems and obstacles that face change process.
- Assess the impact of change management on the companies' performance.

3. Literature review

3.1 Concept of change management

Change in its wide form can be defined as the current situation to more effective and efficient future, it is the process that people learn and discover things by an on-going basis. Moreover, change management should have the ability to move freely, directing the working forces in the organisation's target, and have the ability to influence others (Harem, 2004; Robinson, 2000). Change management is the systematic method and application of knowledge, resources and tools in order to leverage the benefits of change, managing change is a process moving towards a more efficient function in hopes to impact performance in a positive way (Metre, 2009).

Change management as defined by Korir et al. (2012) is the effective management of a business change

in which managers, leaders and frontline employers work in concrete to implement the needed technology, process or changes successfully. It also defined as the process of renewing organization structure, direction and capabilities continually in order to serve the changing needs of internal and external customers (Moran, Brightman, 2001).

However, many scholars such as Burnes (2004) asserted that change is an ever present feature in organizational context in both strategic and operational levels. Change management is becoming essential and needs appropriate managerial skills. Companies must be able to successfully manage the change in order to survive and remain competitive in today's highly inconstant business environment (Thomas, 2014).

Although there has not been consensus as to the change management's framework, there is an agreement on two important issues, the first one, that change happened by internal or external factors, change comes in all forms, shapes and sizes (Balogun, Hope-Hailey, 2004; Carnall, 2003; Burner, 2004; Luecke, 2003), and second, that the pace of change is great in current business environment (Luecke, 2003; Balogun, Hop-Haily, 2004; Moran, Brighton, 2001).

3.2 Reasons for change

According to McMillan (2004) most companies are faced with uncertainties that are synonymous with the modern world brought about by modern technology and globalisation. However, in the modern world companies, there are six main factors that are responsible for the changes, as the following:

- Globalisation, which has resulted in a world that is connected and independent as never before.
- New technologies that have transformed electronics, communications, consumer markets and speeded up industries.
- New technologies and globalisation together have sharpened competition and precipitated the rise and fall market leaders.
- Technological speed, the incredible increase in technological speed is matched in people's lives and in business.
- New change processes and practices, which are faster than ever before.
- Complexity and paradox which resulted from all these changes and making more difficult demands on managers.

Change can occur as a result of either internal or external forces, or it may occur as a result of a combination of both forces (Nadler, 1988). Harris (1997) mentioned that external forces may be influenced by political factors that existent in the past and current time. The economic environment has an important impact on the nature and type of change. Also, the technological and social factors play an important role regarding change.

However, companies need to consider the reasons for wanting change, and then consideration should be given to approaches or models when implementing change that will ensure successful change.

3.3 Challenges of change

The ability of adopting change is essential in today's rapidly changing business environment, in order to get a unique competitive advantage (Lawler, Worley, 2006). The emergence of new economics has introduced possible business opportunities for many companies. Thus, Macredie, Sandom and paul (1998) stated that successful companies or organisations of the future must be prepared to embrace the concept of change management.

Many companies fail to initiate change due to rush these initiatives by some senior personnel, losing focus and becoming overwhelmed by the literature advising on the reasons of change, what companies should strive to achieve and the way that change should be implemented. Thus, it can be argued that implementing change is not an easy task to accomplish (Beer, Nohria, 2000).

Adding to this the issue of the need for change and the current operating environment, many modern companies now find themselves in an uncertain environment whereby the need to manage change in a successful way has become a competitive necessity (Burnes, 1996; Kanter 1989; Peters, Waterman, 1982).

However, the manner in which the company must operate is determined by this environment. Although there is no accepted definition of what constitutes this environment (Jury, 1997). But, a practical definition is that the environment is closely associated with the environmental variables which influence companies, which are: political, technological, economical, and sociological variables. These variables play a crucial role in determining the type of change to be implemented and the speed of this change (D'Ortenzio, 2012). Successful implementation of organisational change requires good understanding and addressing the complex interactions that take place between different change agents in the organisation (Metre, 2009).

3.4 Change management and companies' performance

Companies performance is positively impacted by the presence of changes management practices, change

management tend to create a significant contribution on organisational competencies, and in turn becomes a great advance for further enhancing innovativeness (Ndahiro, Shukla, Oduor, 2015).

Moreover, Horngren (2000) and Anantharaman (2003) stated that organisations link the maximisation of performance with change management practices. The intensive competition, volatile product and market environment, and shorter product life cycle all these factors make companies constantly search for newer sources for competitive advantage. Change management practices are one of the important sources that have the potential to improve and determine a company's fate (Kelliher & Perrett, 2001).

Companies today have become aware of the importance of Change management practices. However, according to Alas and Rees (2006) this awareness is a critical dimension in the performance of organisations. The real life experiences support the assumption that even though business activities of the organisation may become modern and sophisticated, it will be difficult to sustain its effectiveness and growth without strategies that complement its operations (Ndahiro, Shukla, Oduor, 2015).

Armstrong (2009) states that change management affirms the need for strategies and plans of change management to be formulated in light of overall organisational strategies and objectives, in addition to be responsive to the changing nature of the external environment of the organisation. This approach requires adaption and interpretation by practitioners in order to ensure the match between plans and business strategies. Therefore, the change management's overall themes are the integration of all institutional functions, attachment to broad organisational objectives and responsiveness to the external environment.

Many studies have focused on the change management of business organisations (Schuler, Jackson, 2001; Wright, 2005) due to their contribution in the global economy. Moreover, the quest for change management has long been an important tenet of the strategic management's field (Armstrong, 2009).

However, implementation of change often results in organisational tension due to involving moving from known situation to unknown one, change therefore is risky, complex and stressful. But, change can be effective with participative style of management, such as employees training on change during change implementation in order to give them skills, knowledge and expertise that needed to deal with change process. Moreover, to improve organisational performance, changes must be made to the processes and system structures of the organisation (Thomas, 2014).

Effective change management must focus on people and processes. Moreover, organisations cannot expect to achieve success whatever objective it seeks to achieve, unless the people responsible for managing change understand the different approaches and can match them to their preferences. For any identified changes to be adopted in successful way, introducing some new pieces of equipment or new process is unlike to have a major effect on the performance of the organisation unless this change is introduced as part of an overall change process. An effective management program must involve stakeholder support, mission and strategy, development of the right organisation structure, designing of new individual roles, introduction of new technology, and reward systems (Sande et al., 2015).

4. Conclusion

Change has become a regular feature of business life today, as part of the desire for increased performance of organisations and the need to satisfy stakeholders. In order for organisations to survive in the present competitive business environment there is need to change more rapidly and adapt to change. In most successful organisations, change has become common place. However, effective change management is essential to any company as it assists the company in successfully implementation of the change initiatives resulting in change achieving its objectives. A growing number of company its and organisations are undertaking various types of organisational changes initiatives needed to maintain in today's turbulent environment. As the paper shows, existing literature suggests that change management has an important role in enhancing companies' performance.

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